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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/412,408	10/05/1999	Kevin Foley	3524.4	9618

29858 7590 04/15/2002

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NEW YORK, NY 10022

EXAMINER
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HEWITT II, CALVIN L

ART UNIT	PAPER NUMBER
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2161

DATE MAILED: 04/15/2002

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/412,408

Applicant(s)

FOLEY ET AL.

Examiner

Calvin L Hewitt II

Art Unit

2161

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 29 March 2002.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☐ Claim(s) \_\_\_\_\_ is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-29 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on \_\_\_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.  
If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

**Priority under 35 U.S.C. §§ 119 and 120**

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).  
a) ☐ All b) ☐ Some \* c) ☐ None of:  
1. ☐ Certified copies of the priority documents have been received.  
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).  
\* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).  
a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892) 4) ☐ Interview Summary (PTO-413) Paper No(s). \_\_\_\_\_
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948) 5) ☐ Notice of Informal Patent Application (PTO-152)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) 10. 6) ☐ Other: \_\_\_\_\_

***Status of Claims***

1. Claims 1-29 have been examined.

***Response to Amendments/Arguments***

2. Regarding claims 1-15, the Applicant is of the opinion that the combined prior art of Silverman et al. and Korhammer et al. does not teach matching "hidden" orders and orders that originate outside the system. However, the Examiner respectfully disagrees. According to Barron's, Dictionary of Finance and Investment Terms, an "inside market" is defined as,

bid or asked quotes between dealers trading for their own inventories. Distinguished from the retail market, where quotes reflect the prices that customers pay to dealers.

Which is inline with the teachings of Korhammer et al. (column/line 2/60-3/5).

Therefore, to one of ordinary skill of the art, it would have been obvious, given the teachings of Silverman et al. and Korhammer et al., for a dealer to search his/her own inventory to match a trade prior to searching outside the inside market.

Silverman et al. provide for the creation of a subset of users and the presentation of data to all or only selected users (abstract, lines 6-17; column 8, lines 1-59). Silverman et al. also indicators of interest (column 2, lines 17-30; column 3, lines 35-55; column 7, lines 25-30). Therefore, it would have been obvious to one of ordinary skill of the art to limit the pool of trading partners using indicators of interest (claims 16-29).

The rejection to claims 1-29 is maintained.

***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-15 have been rejected under 35 U.S.C. 103(a) as being unpatentable over Silverman et al., U.S. Patent No. 5,924,082 in view of Korhammer et al., U.S. Patent No. 6,278,982.

Silverman et al. teach a distributed matching system comprising:

- user terminals or input/output devices for conducting transactions  
(column 6, lines 17-26)

- parties involved in the buying and selling of securities (column 3, lines 36-49 and 60-67)
- a database identifying users who have been involved in recent trading activity (column 4, lines 13-50; column 5, lines 1-7 and 48-60; column 7, lines 14-33)
- the matching of users based on specified trading parameters (column 4, lines 13-50; column 5, lines 48-60)
- the creation of a subset of users and the presentation of data to all or only selected users (abstract, lines 6-17; column 8, lines 1-59)
- the display of bids and offers to users (column 8, lines 11-17)
- user selection of parties with whom to interact (column 8, lines 10-58)
- pop-up windows for conducting negotiations between parties (figure 6, item 600; column 12, lines 18-21)
- the electronic, anonymous negotiation of trade terms and conditions (column 3, lines 65-67; column 4, lines 1-3, 9-12 and 27-49)
- the electronic execution of trades only after both parties are satisfied with the negotiated transaction terms (column 5, lines 1-8;
- the ability to enter indicators of interest (column 2, lines 17-30; column 3, lines 55-60)

- entering IOI with offers or bids (column 7, lines 25-30)

Silverman et al. teach a matching system where users can buy and sell securities over a plurality of markets (column 7, lines 1-11; column 11, lines 5-31). Therefore, it would have been obvious of

Regarding the timing of when bids and offers are displayed, Silverman et al. teach a system that distributes bids and offers to the remote terminals of users of the system (column 4, lines 28-54), displays offers throughout the negotiating process (column 7, lines 42-49) and that bids and offers may be entered into the system at any time (column 7, lines 25-32). Therefore, it would have been obvious to allow a user to view bids and offers throughout the transaction process in order to obtain the best price.

Silverman et al. do not explicitly teach price discovery outside the system. However, Korhammer et al. teach an anonymous securities trading system (abstract; column 2, lines 52-67) where users can view market data from, and place orders to, a plurality of ECNs and/or ATSS (abstract, lines 1-6; figure 3; column 3, lines 57-60). Regarding the execution of trades, it would have been obvious to give priority to trades originating from within the system in order to receive additional fees. Therefore, it would have been obvious to one of ordinary skill of the art at the time the invention was made to combine the teachings of Silverman et

al. and Korhammer et al.. Korhammer et al. teach that an ECN, or ATS, member,

... may choose from the inside market for the security or at a worse price outside of the inside market.

Further, they consider

... [such] freedom is highly desirable... it may be a wise strategy to buy securities at a price equal to or higher than the best offer in order to obtain more shares than the inside offer is displaying... [recognizing] that the inside market is moving quickly and may not be available when trying to take the best offer  
(column/line 2/60-3/5)

5. Claims 16-29 are rejected under 35 U.S.C. 103(a) as being unpatentable over Silverman et al., U.S. 5,924,082 in view of McCausland et al., U.S. 5,243,331.

As per claims 16-29, Silverman et al. teach an electronic trading system comprising:

- user terminals or input/output devices for conducting transactions  
(column 6, lines 17-26)
- the matching of users based on specified trading parameters (column 4, lines 13-50; column 5, lines 48-60)
- the creation of a subset of users and the presentation of data to all or only selected users (abstract, lines 6-17; column 8, lines 1-59)

- the ability to enter indicators of interest (column 2, lines 17-30; column 3, lines 55-60)
- entering IOI with offers or bids (column 7, lines 25-30)

The Examiner regards the transmission of an IOI only if an order exceeds a certain quantity, as well known as traders, investors and the like use trading strategies in order to maximize their profit. Hence such a limitation is merely an automation of a known process (*In re Venner*, 262 F.2d 91, 95, 120 USPQ 192, 196 (CCPA 1958)) and therefore it would have been obvious to incorporate such a feature into the teachings of Silverman et al., as the system already provides a user with the ability to establish parameters for selectively interacting with other participants, and offers and bids (column 7, lines 25-31). However, Silverman et al. do not teach a specialized keypad. McCausland et al. teach a dedicated keypad for a financial trading system (abstract). The keypad has special functionalities such as "bid", "confirm", "reject" "kill" commands in order to control the exchange of data between parties (figure 3; column 7, lines 38-49; column 23, lines 1-62). The keypad also allows a user to combine keys in order execute a function such as editing an order (column 23, lines 40-57). Therefore, it would have been obvious to one of ordinary skill of the art to combine the teachings of Silverman et al. and McCausland et al. in order



to provide a more user-friendly interface by integrating common trading functions into the keyboard.

### ***Conclusion***

6. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the mailing date of this final action.

7. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

- Silverman et al. teach a distributed matching machine

- Fisher et al. teach a system for processing and transmitting auction information

8. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Calvin Loyd Hewitt II whose telephone number is (703) 308-8057. The Examiner can normally be reached on Monday-Friday from 8:30 AM-5:00 PM.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, James P. Trammell, can be reached at (703) 305-9768.

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks  
c/o Technology Center 2100  
Washington, D.C. 20231

or faxed to :

(703) 746-7239 (for formal communications intended for entry),  
(703) 746-7238 (for after-final communications),

or:

(703) 746-7240 (for informal or draft communications, please label  
"PROPOSED" or "DRAFT")

Application/Control Number: 09/421,408  
Art Unit: 2161

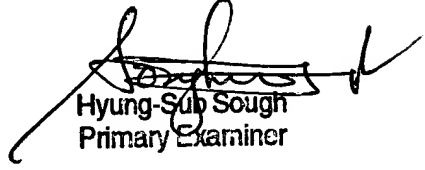
Page 10

Hand-delivered responses should be brought to Crystal Park II, 2121  
Crystal Drive, Arlington, VA, Sixth Floor (Receptionist).

Any inquiry of a general nature or relating to the status of this application  
should be directed to the Group receptionist whose telephone number is (703)  
305-3900.

Calvin Loyd Hewitt II

April 8, 2002

  
Hyung-Sup Sough  
Primary Examiner